



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

APR 25 2006

Representative Charles Taylor  
Post Office Box 2355  
Asheville, NC 28802

David C. Blevins, Treasurer  
Charles Taylor for Congress Committee  
Post Office Box 2355  
Asheville, NC 28802

RE: MUR 5730  
Charles Taylor  
Charles Taylor for Congress Committee and  
David C. Blevins, in his official capacity as treasurer

Dear Congressman Taylor and Mr. Blevins:

On April 13, 2006, the Federal Election Commission found that there is reason to believe that Charles Taylor for Congress Committee and David C. Blevins, in his official capacity as treasurer, violated 2 U.S.C. §§ 441a-1(b)(1)(C), 441a-1(b)(1)(D), and 11 C.F.R. §§ 400.21(b) and 400.22(b), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"), and provisions of the Commission's regulations. Additionally, the Commission found that there is reason to believe that Charles Taylor violated 2 U.S.C. §§ 441a-1(b)(1)(C) and 441a-1(b)(1)(D). These findings were based upon information ascertained in the normal course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(2). The Factual and Legal Analysis, which more fully explains the Commission's findings, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

Please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. See 18 U.S.C. § 1519.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Ana Peña-Wallace, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Michael E. Toner  
Chairman

Enclosures  
Factual and Legal Analysis

20044152899

1 **FEDERAL ELECTION COMMISSION**

2  
3 **FACTUAL AND LEGAL ANALYSIS**

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5 **RESPONDENTS:** Charles Taylor for Congress **MUR: 5730**  
6 Committee and David C. Blevins,  
7 in his official capacity as treasurer; and  
8 Charles Taylor  
9

10 **I. INTRODUCTION**

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12 This matter was initiated by the Federal Election Commission pursuant to information  
13 ascertained in the normal course of carrying out its supervisory responsibilities. This matter  
14 concerns reporting requirements arising under the "Millionaires' Amendment" of the Bipartisan  
15 Campaign Reform Act of 2002, which obligates certain federal candidates to comply with  
16 special reporting and notification requirements after expending personal funds in excess of  
17 specific thresholds and thereafter, may allow opposing candidates to exceed normal contribution  
18 limits.

19 Based on a review of the relevant disclosure reports on file with the Commission and  
20 other available information, the Commission finds reason to believe that the Committee violated  
21 provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"), and the  
22 Commission's regulations regarding the reporting of expenditures from personal funds. Because  
23 these laws create specific obligations for candidates, the Commission finds that Charles Taylor  
24 also violated the Act.

25 **II. FACTUAL AND LEGAL ANALYSIS**

26 Charles Taylor declared his candidacy for the U.S. House of Representatives for North  
27 Carolina's Eleventh (11<sup>th</sup>) Congressional District in 2004 by filing FEC Form 2, Statement of

1 Candidacy, with the Commission on August 29, 2003.<sup>1</sup> FEC Form 2 designated Charles Taylor  
2 for Congress Committee as Taylor's principal campaign committee and indicated that Taylor did  
3 not intend to spend any personal funds during the primary or general election over the \$350,000  
4 threshold amount. However, as more specifically set out below, Taylor did exceed the aggregate  
5 threshold amount.

6 When a candidate for the United States House of Representatives "makes or obligates to  
7 make an aggregate amount of expenditures from personal funds in excess of \$350,000 in  
8 connection with any election" the candidate or his authorized committee must notify the  
9 Commission by filing an FEC Form 10 (24-Hour Notice of Expenditure From Candidate's  
10 Personal Funds) with the Commission within twenty-four hours after exceeding the threshold.  
11 2 U.S.C. § 441a-1(b)(1)(C); 11 C.F.R. § 400.21(b); *see* 11 C.F.R. § 400.4(a) (definition of  
12 personal funds). Further, additional FEC Form 10 notifications are required to be filed within  
13 24 hours of each additional expenditure of \$10,000 or more in connection with the election.  
14 2 U.S.C. § 441a-1(b)(1)(D); 11 C.F.R. § 400.22(b). The candidate's committee must also send  
15 copies of its FEC Form 10 notifications to each opposing candidate and respective national party  
16 committee via facsimile or electronic mail within twenty-four hours of each relevant

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<sup>1</sup> Within 15 days of becoming a candidate, candidates for the U.S. House of Representatives are required to file a declaration of intent with the Commission and each opposing candidate, stating the total amount of expenditures from personal funds the candidate intends to make with respect to the election that will exceed \$350,000. *See* 2 U.S.C. § 441a-1(b)(1)(B); 11 C.F.R. §§ 400.20 and 400.9. Declarations of intent for House candidates must be noted on the Statement of Candidacy (FEC Form 2). *See* 11 C.F.R. § 400.20(b)(2). Charles Taylor submitted his FEC Form 2 to the Commission in response to a letter from RAD.

1 expenditure.<sup>2</sup> 2 U.S.C. § 441a-1(b)(1)(F); 11 C.F.R. §§ 400.21(b), 400.22(b) and 400.24(b). The  
2 required notifications must include the date and amount of each expenditure from personal funds  
3 and the total amount expended in the same election cycle as of the date of the filing.<sup>3</sup> See  
4 11 C.F.R. §§ 400.23 and 400.24(b). Although FEC Form 10 is signed by the committee  
5 treasurer, under the Act candidates are responsible for ensuring that FEC Form 10 is properly  
6 filed by their principal campaign committees. See 11 C.F.R. § 400.25.

7 According to Commission disclosure records, Taylor made a series of expenditures from  
8 personal funds, consisting of loans and direct contributions, for his campaign between September  
9 24 and November 2, 2004, all designated for the general election.<sup>4</sup> Taylor's expenditures from  
10 his personal funds for the 2004 General Election totaled \$807,000. Taylor exceeded the  
11 \$350,000 threshold for personal expenditures with a \$140,000 loan to the Committee on October  
12 22, 2004, which brought his total personal expenditures with respect to the general election from  
13 \$250,000 to \$390,000. Thereafter, he made additional expenditures exceeding \$10,000 each on  
14 four separate dates. The following table lists all disclosed contributions by Taylor, loans made

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<sup>2</sup> A candidate's personal expenditures could entitle his opponents to a threefold increase in the contribution limits under 2 U.S.C. § 441a(a)(1)(A) and a waiver of the limits on coordinated party expenditures under 2 U.S.C. § 441a(d). See 2 U.S.C. § 441a-1(a)(1); 11 C.F.R. § 400.41. Candidates are entitled to higher limits when the "opposition personal funds amount" exceeds \$350,000. See 2 U.S.C. § 441a-1(a)(2); 11 C.F.R. § 400.10.

<sup>3</sup> An election cycle runs from the date after the most recent election for the specific office to the date of the next election for that office. See 11 C.F.R. § 400.2(a). The primary and general elections are considered separate election cycles. See 11 C.F.R. § 400.2(b).

<sup>4</sup> An expenditure from personal funds includes direct contributions by the candidate, an expenditure made by a candidate using personal funds, loans made by the candidate using personal funds, and loans made to the candidate's committee that are secured by the candidate's personal funds. 2 U.S.C. § 441a-1(b)(1)(A); 11 C.F.R. § 400.4.

by Taylor to the Committee, and loans obtained by the Committee but secured by Taylor's personal funds:<sup>5</sup>

TABLE 1 – Charles Taylor's Personal Expenditures<sup>6</sup>

DATE	AMOUNT	TYPE OF EXPENDITURE	TOTAL TO DATE
September 24, 2004	\$50,000	Loan	\$50,000
September 30, 2004	\$45,000	Loan	\$95,000
October 6, 2004	\$25,000	Loan	\$120,000
October 8, 2004	\$70,000	Loan	\$190,000
October 15, 2004	\$60,000	Loan	\$250,000
October 22, 2004	\$140,000	Loan	\$390,000
October 25, 2004	\$110,000	Loan	\$500,000
October 25, 2004	\$2,000	Contribution	\$502,000
October 27, 2004	\$130,000	Contribution	\$632,000
October 29, 2004	\$155,000	Contribution	\$787,000
November 2, 2004	\$20,000	Contribution	\$807,000

By exceeding the \$350,000 aggregate threshold of expenditures from his personal funds on October 22, 2004, the Committee and the candidate were obligated to file an FEC Form 10 with the Commission, and to send copies to Taylor's opponent and respective national party within 24 hours of the threshold expenditure. 2 U.S.C. § 441a-1(b)(1)(C). Moreover, four additional FEC Form 10 notices were required to be filed after Taylor made expenditures exceeding \$10,000 on the following dates: October 25, 2004, October 27, 2004, October 29, 2004, and November 2, 2004. 2 U.S.C. § 441a-1(b)(1)(D); 11 C.F.R. § 400.22(b). However, the Committee and the candidate failed to file any of the five required FEC Form 10 notifications.

<sup>5</sup> The loans made on September 24, September 30, October 6, October 8, and October 15, 2004, consisted of draws from a \$250,000 line of credit obtained by the Committee but guaranteed by the candidate.

<sup>6</sup> The candidate made two expenditures on October 25, 2004. However, the Committee was only required to file one FEC Form 10 for the loan and contribution made on that date.

1 The Reports Analysis Division ("RAD") sent a Request for Additional Information  
2 ("RFAI") to the Committee on December 28, 2004, requesting an explanation for the  
3 Committee's failure to file an FEC Form 10 (24 Hour Notice of Expenditure from Candidate's  
4 Personal Funds), upon surpassing the \$350,000 threshold. A RAD analyst spoke with Nancy  
5 Day, a Committee volunteer, about the RFAI on January 27, 2005. During the telephone  
6 conversation, Ms. Day stated that she was unaware of the FEC Form 10 filing requirement. The  
7 RAD analyst suggested that the Committee submit an explanation, concerning the failure to file  
8 the FEC Form 10 notices, to the Commission. Later that same day, the Committee filed an  
9 Amended 2004 30 Day Post-General Report and a Miscellaneous Electronic Submission  
10 acknowledging that they were not aware that FEC Form 10 even existed.<sup>7</sup>

11 As a result of the failure to file the required FEC Form 10 notifications with the  
12 Commission, the opposing candidate and the respective national party, the Commission finds  
13 reason to believe that Charles Taylor for Congress Committee, and David C. Blevins, in his  
14 official capacity as treasurer, violated 2 U.S.C. §§ 441a-1(b)(1)(C) and 441a-1(b)(1)(D) and  
15 11 C.F.R. §§ 400.21(b) and 400.22(b). Since the Act places a requirement on the candidate to  
16 ensure that the appropriate filings are made in a timely manner with respect to expenditures from  
17 personal funds, the Commission also finds reason to believe that Charles Taylor violated  
18 2 U.S.C. §§ 441a-1(b)(1)(C) and 441a-1(b)(1)(D).

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<sup>7</sup> The Amended 2004 30 Day Post-General Report included corrections and clarifications concerning specific contributions and a loan that were noted in the RFAI.